
PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Accident and Health Agent Examination

OVERVIEW

For purposes of the prelicensing curriculum and examination, the successful applicant is defined as an entry-level individual of an agency or an insurer. Passing the examination is the completion of an important first step of a lifetime of insurance education and experience for this person.

Section 1677 of the California Insurance Code (CIC) requires that the life-only agent examination be of sufficient scope to satisfy the Insurance Commissioner that an applicant has sufficient knowledge of insurance and insurance laws.

Effective January 1, 2008, California Insurance Code Sections regarding the Life Agent license were amended to include provisions for an "Accident and Health" agent license. Specifically, Section 1626 (a) (2) defines an "Accident and Health" Agent licensee as authorized to transact insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income. Section 1626 (b) further states, "An accident and health agent licensee is also authorized to transact 24-hour care coverage, as defined in Section 1749.02, pursuant to the requirements of subdivision (d) of Section 1749 or subdivision (d) of Section 1749.33."

The new accident and health agent will be trained to sell and service the lines more commonly available, less complex lines first, the other lines later. Sufficient knowledge is what this new accident and health agent needs to know at the start of one's career.

- (1) With the most specific knowledge required in:
 - * Basic accident and health insurance concepts and principles
 - * Responsibilities and authority of an accident and health insurance agent
 - * Commonly written accident and health insurance products
 - * Insurance code and ethics
 - * Insurance coverage for sickness, bodily injury, or accidental death
 - * Benefits for disability income insurance
 - * Twenty-four hour care coverage
- (2) With a general understanding of:
 - * Commonly used non-insurance disability systems
 - * Social life and disability insurance programs
 - * What is happening in today's marketplace

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- (3) In addition, this license authorizes the transaction of insurance coverage on:
- * Health - A policy that will pay specifies sums for medical expenses or treatments. Health policies can offer any options and vary in their approaches to coverage.
 - * Disability - Insurance that provides income payments to the insured wage earner when income is interrupted or terminated because of illness, sickness, or accident.
 - * Workers Compensation Insurance – Employee benefits consisting of medical care, first aid treatment, temporary disability, permanent disability, vocational rehabilitation, supplemental job displacement benefits, and death benefits for insured workers on the job.
 - * Credit Disability Insurance - Disability insurance protecting the balance of debt, which provides a monthly benefit, during the disability of the insured, during the term of coverage.
 - * Twenty-Four Hour Coverage - The joint issuance of a workers' compensation policy with a disability insurance policy, health care service plan contract, or other medical insurance coverage for nonoccupational injuries and illnesses. This product shall not include a life insurance policy.
- (4) The insurance examination does not measure sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs (CIC Section 1749.1[b]).

EDUCATIONAL OBJECTIVES

The educational objectives are statements of what an applicant must do, under what conditions, and how well to demonstrate sufficient knowledge to pass the licensing examination.

The educational objectives are derived from the following pages. They are derived from the curriculum outline contained in Title 10, Chapter 5, Subchapter 1, Article 6.5, Section 2187.1 of the California Code of Regulations (CCR). The purpose of these objectives is to:

Express clearly what an applicant must be able to do to show an acceptable level of mastery of each educational objective.

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CODE AND ETHICS

The educational objectives for Code and Ethics are incorporated in the following pages. The individual objectives may be identified by "(CIC XXXX)" or "(Ethics)" or "(Code)." References to "Code" or "CIC" in the educational objectives mean the California Insurance Code.

THE EXAMINATION

Examination questions are based on the educational objectives. Mastery of the educational objectives should guarantee success on the examination.

All percentage distributions shown for sections of the Educational Objectives are plus or minus one percent.

The applicant for an accident and health agent license will, without any aids (e.g. reference materials, electronic aids), meet the following requirements.

He or she will correctly answer a minimum of 70 percent of the questions on the California Department of Insurance Accident and Health examination during the one and a half hour (or 90 minutes) allowed for the 75-question multiple-choice examination.

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I. GENERAL INSURANCE (25 percent)

I. A. Basic Insurance Concepts and Principles

1. Be able to identify examples of insurance (as defined [CIC 22]).
2. Be able to recognize the definition of risk.
3. Be able to differentiate between a pure risk and a speculative risk.
4. Be able to identify a definition of peril.
5. Be able to identify a definition of hazard.
6. Be able to differentiate between moral, morale, and physical hazards.
7. Be able to identify the definition of the law of large numbers.
8. Be able to identify a definition or the correct usage of the term loss exposure.
(a) Be able to identify risk situations that present the possibility of a loss.
9. Be able to recognize the requisites of an ideally insurable risk.
10. Be able to identify the definition of insurable events (CIC 250).
11. Be able to identify and apply the definition of insurable interest, and indemnity, and be able to recognize the applicability of these terms to a given situation.
12. Be able to identify why private insurers underwrite the insurance applications they receive.
13. Be able to identify the meaning of adverse selection and profitable distribution of exposures.
14. Be able to identify:
 - (a) the Fair Credit Reporting Act;
 - (b) Medical Information Bureau.

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I. GENERAL INSURANCE

I. B. Contract Law

1. Be able to identify and compare contract law and tort law.
2. Be able to identify the four major elements of a contract (agreement, competent parties, legal purpose, and consideration).
3. Be able to identify the meaning and effect of the following special characteristics of an insurance contract:
 - (a) contract of adhesion;
 - (b) conditional contract;
 - (c) aleatory;
 - (d) unilateral;
 - (e) personal;
 - (f) utmost good faith;
 - (g) indemnity.
4. Be able to identify the term insurance policy (CIC 380).
5. Be able to identify the meaning and effect of each of the following on a contract:
 - (a) fraud (CIC 338, 1871.1 - 1871.4);
 - (b) concealment (CIC 330-339);
 - (1) **Be able to identify information that does not need to be communicated in a contract: (CIC 333)**
 - (a) **known information**
 - (b) **information that should be known**
 - (c) **information which the other party waives**
 - (d) **information that is not material to the risk**
 - (c) warranty (CIC 440-445, 447);
 - (1) **know that a representation in an insurance contract qualifies as an implied warranty.**
 - (d) materiality (CIC 334);
 - (1) **know that the materiality of concealment is the rule used to determine the importance of a misrepresentation.**

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- (e) representations (CIC 350-361);
 - (1) **know when a representation can be altered or withdrawn (CIC 355)**
 - (2) **know that a representation is false when the facts fail to correspond with its assertions or stipulations (CIC 358).**
 - (f) misrepresentation (CIC 780-784).
6. Be able to identify six required specifications for all insurance policies (CIC 381).
(a) **know that the financial rating of the insurer is not required to be specified in the insurance policy (CIC 381).**
7. Be able to identify:
(a) the meaning of the term rescission;
(b) when an insurer has the right of rescission (CIC 331, 338, 359, 447).
(1) **know that either intentional or unintentional concealment entitles an injured party to rescission of a contract. (CIC 331)**
8. Given an insurance situation, be able to identify the following terms correctly:
(a) application, policy, rider;
(b) cancellation, lapse, renewal / nonrenewal, grace period;
(c) rate/premium, earned/unearned premium;
(1) **know the price of insurance for each exposure unit is called the rate.**
(d) preferred/standard/substandard risk.

I. GENERAL INSURANCE

I. C. The Insurance Marketplace

I. C1. Distribution Systems

1. Be able to identify a definition of the following marketing systems:
- (a) Agency;
 - (b) Direct Response;
 - (c) Managing General Agent;
 - 1. **Know that an MGA can be any person, firm, association, partnership, or corporation that manages all or part of an insurer's business (including a separate division, department or underwriting office);**
 - 2. **Know that an MGA acts as an agent and produces and underwrites gross direct written premium equal to or more**

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than 5 percent of the policyholder surplus as reported in the insurer's last annual statement and either:

- a. adjusts or pays claims in excess of an amount determined by the Commissioner, or;
 - b. negotiates and binds ceding reinsurance on behalf of the insurer (CIC 769.81[c]).
- (d) Home Service.

I. GENERAL INSURANCE

I. C. The Insurance Marketplace

I. C2. Producers

1. Given a situation involving the legal relationship of an accident and health agent and either a principal (an insurer or agency principal) or an insured/applicant, be able to assess:
 - (a) the legal relationship;
 - (b) the responsibilities and duties of each;
 - (c) the effect of the types of authority an agent may have (express / implied / apparent).
2. With regard to the underwriting of applicants and /or insureds, be able to:
 - (a) identify a producer's responsibilities;
 - (b) differentiate between the limitations placed on insurer pre-selection and post-selection activities.
3. Be able to identify a definition of the following:
 - (a) Accident and Health agent (CIC 1622);
 - (b) Life and Disability Analyst (CIC 32.5).
4. Be able to identify the Code definition of transact and why the definition is important (CIC 35, 1621-1624, 1631, 1633).
5. Be able to identify:
 - (a) that the Code prohibits certain actions by unlicensed persons (CIC 1631);
 - (b) the penalty for such ["(a)" above] prohibited actions (CIC 1633).
6. Be able to identify the differences between the terms agent and broker with respect to their relationship with insurers and with their insureds.

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7. Be able to identify the Code provisions regarding an accident and health agent acting as an agent for an insurer for which the agent is not specifically appointed (CIC 1704.5).
8. Be able to recognize:
 - (a) the differences between the authority of an agent and a solicitor;
 - (b) that there is no such license as "accident and health solicitor." CIC 1704(d)
9. For Insurance Agent's Errors & Omissions insurance, be able to identify:
 - (a) the types of coverages available;
 - (b) the types of losses commonly covered / not covered;
 - (c) the need for the coverage.
10. Be able to identify acts prohibited (unless a surplus lines broker) with regard to nonadmitted insurers (CIC 703).
11. Be able to identify the prohibitions of free insurance (CIC 777.1).
12. Be able to identify the Code requirements for the following:
 - (a) an agency name, use of name (CIC 1724.5, 1729.5);
 - (b) change of address (CIC 1729);
 - (c) records (CIC 10508);
 - (d) filing license renewal application (CIC 1720);
 - (e) printing license number on documents (CIC 1725.5);
 - (f) **know the duties of a co-partnership whose membership has changed. *Note:* to return the old license with signatures of the original members to the commissioner is not one of those duties (CIC 711).**
13. Be able to identify the Code specifications regarding producer application investigation, denial of applications, and suspension or revocation of license (CIC 1666, 1668-1669, 1738).
14. Be able to identify the importance and the scope of the California Insurance Code regarding:
 - (a) the filing of a notice of appointment to transact accident and health insurance (CIC 1704,1705);
 - (b) the filing of a notice of appointment to transact Disability insurance (CIC 1673, 1704-1705);

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- (c) an inactive license (CIC 1704a).
 - (d) **cancellation of a license by the licensee in the licensee's possession or in the employer's possession (CIC 1708).**
15. **Be able to identify the scope and effect of the Code regarding termination of a (producer's) license, including when producers dissolve a partnership (CIC 1708-1712.5).**
16. Be able to identify and apply:
- (a) the definition of the term "fiduciary;"
 - (b) (b) producer fiduciary duties described in the Code (CIC 1733-1735).
17. Be able to identify the continuing education requirements for:
- (a) an accident and health agent (CIC 1749.3);
 - (b) an agent writing Long Term Care Insurance (CIC 10234.93);
 - (c) agents writing California Partnership coverage (must meet LTC requirements PLUS four hours a year for "junior agents" and eight hours every two years for "seniors" of CA partnership education. The total hours of CE required are not increased by (b) or (c)];
 - (d) **an accident and health agent and a fire and casualty broker-agent must complete 25 hours of training in the first four 12-month periods for either license.**
18. Be able to identify the definition of an administrator (CIC 1759).
19. Concerning a Life and Disability Insurance Analyst license, be able to identify:
- (a) the licensing requirements (CIC 1836);
 - (b) requirements and prohibitions for charging fees (CIC 1848).
20. **Know that the interpretation of policy provisions is not a primary objective of insurance regulation.**

The following Educational Objective is derived from the codes of ethics of major industry organizations and is the basis for accident and health examination questions.

21. Be able to identify and apply the meaning of the following:
- (a) place the customer's interest first;
 - (b) know your job - and continue to increase your level of competence;
 - (c) identify the customer's needs and recommend products and services that meet those needs;

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- (d) accurately and truthfully represent products and services;
 - (e) use simple language; talk the layman's language when possible;
 - (f) stay in touch with customers and conduct periodic coverage reviews;
 - (g) protect your confidential relationship with your client;
 - (h) keep informed of and obey all insurance laws and regulations;
 - (i) provide exemplary service to your clients;
 - (j) avoid unfair or inaccurate remarks about the competition.
22. Be able to identify that the California Insurance Code and the California Code of Regulations identify many unethical and /or illegal practices, but they are NOT a complete guide to ethical behavior (CIC, CCR).
23. Be able to identify special ethical concerns that may occur when dealing with Senior Citizens regarding pretext interviews (CIC 791.03).
24. Be able to identify the alterations an agent may make to an applicant's written disability application (CIC 10382).

I. GENERAL INSURANCE

I. C. The Insurance Marketplace

I. C3. Insurers

1. Be able to differentiate between:
- (a) admitted and nonadmitted insurers (CIC 24-25);
 - (b) domestic, foreign and alien insurers (CIC 26-27).
2. Be able to identify the functions of the following major operating divisions of insurers: Marketing / Sales, Underwriting, Claims, Actuarial.
3. **Be able to identify that a primary insurer is the insurance company who transfers its loss exposure to another insurer in a reinsurance transaction.**
4. Be able to identify who may be an insurer (CIC 150).
- (a) **person, association, organization, partnership, business trust, limited liability company or corporation (CIC 19).**
5. Be able to differentiate between Mutual, Stock and Fraternal insurers.
- (a) **know that de-mutualization is a process whereby a mutual insurer becomes a stock company (CIC 11535).**

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6. Be able to identify the meaning of post-claims underwriting and what Code restrictions apply (CIC 10384).

I. GENERAL INSURANCE

I. C. The Insurance Marketplace

I. C4. Market Regulation - General

1. Be able to identify:
 - (a) the California Insurance Code (CIC) and how it may be changed (Code);
 - (b) the California Code of Regulations (CCR Title 10, Chapter 5) and how it may be changed (Code);
 - (c) how the insurance commissioner is selected and the responsibilities of the position (CIC 12900, 12921).
2. Be able to identify the correct application of the Unfair Practices article, including its prohibitions and penalties (CIC 790-790.10).
3. Be able to identify the correct application of the Insurance Information and Privacy Protection Act regarding practices, prohibitions and penalties (CIC 791-791.26).
4. Be able to identify the scope and correct application of the conservation proceedings described in the Code (CIC 1011, 1013, 1016).
5. **Be able to define an insolvent insurer (CIC 985).**
 - (a) **Know the definition of Paid-in Capital (CIC 36 & 985);**
 - (b) **Know that it is a misdemeanor to refuse to deliver any books, records, or assets to the Commissioner once a seizure order has been executed in an insolvency proceeding (CIC 1013).**
6. Be able to identify the purpose and scope of the Code concerning the California Life and Health Insurance Guarantee Association (CIC 1067.02[a][1], 1067.02[b][1]).
7. Be able to identify:
 - (a) common circumstances that would suggest the possibility of fraud;
 - (b) efforts to combat fraud (CIC 1872, 1874.6, 1875.8, 1875.14, 1875.20, 1877.3[b](1));
 - (c) **that if an insured signs a fraudulent claim form, the insured may be guilty of perjury.**

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8. Be able to identify the scope and correct application of the False and Fraudulent Claims article of the Code (CIC 1871, 1871.4).
9. Be able to identify the requirements for:
 - (a) discontinuance and replacement of Group Disability Insurance;
 - (b) discontinuance of Group Life Insurance (CIC 10128.1-10128.4).
10. Be able to identify discriminatory practices prohibited by the California Insurance Code (CIC 10140-10145).
 - (a) know that it would be a discriminatory practice for an insurer to refuse to accept, charge higher premiums for, or provide different terms of insurance when a potential applicant for a disability insurance policy is shown to have a genetic characteristic which could contribute to the person's disability (CIC 10140[b]).**
11. Be able to identify the meaning of (as used in the CIC):
 - (a) shall and may (CIC 16);
 - (b) person (CIC 19).
12. Be able to identify the requirements for notice by mail (CIC 38).

II. ACCIDENT AND HEALTH INSURANCE (65 percent)

II. Accident and Health Insurance

II. A. Medical Expense Insurance

1. Be able to identify the:
 - (a) types of plans (Basic / Comprehensive Major Medical / Supplemental Major Medical);
 - (b) plan structure (HMO / PPO / EPO / Self Funding / Indemnity / Dual Choice Plans);
 - (c) benefit structure (Scheduled / Usual, Customary, Reasonable);
 - (d) optional coverages (Dental / Vision / Prescription Drug Card / Supplemental Accident);
 - (e) contract issues and clauses (Family Deductible, Grace Period / Extension of Benefits / COBRA / Waiting Periods / Pre-existing conditions / Elimination Periods / Right to terminate / Coordination of Benefits / Take-over Benefits - coinsurance & deductible carryover; - no loss / no gain / First dollar coverage / Restoration of Benefits);
 - (f) exclusions and limitations.

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2. Be able to identify that the Department of Insurance has jurisdiction over entities that provide coverages designed to pay for health care providers' services and expenses unless the health care providers are appropriately licensed or certified by other governmental agencies (CIC 740).
3. Be able to identify how and why each of the following applies to eligibility and/or rating factors to affect rating structures:
 - (a) demographics (gender / age / occupation);
 - (b) industry;
 - (c) location / zip code;
 - (d) carrier history;
 - (e) medical history:
 - 1) chronic or ongoing conditions;
 - 2) catastrophic conditions;
 - 3) pregnancies;
 - 4) disabled employees/dependents (not actively at work / Extended benefits of a former carrier);
 - (f) contribution (policy - contributing / non-contributing);
 - (g) participation (employees & dependents - covered / eligible).
4. Be able to identify the impact of current legislative issues on the Health industry (e.g. ERISA / COBRA / mandated benefits - ADA, FMLA, maternity & others).
 - (a) **know that the Employee Retirement Income Security Act of 1974 (ERISA) fiduciary standards benefit plan participants and beneficiaries.**

II. ACCIDENT AND HEALTH INSURANCE

II. Senior Health Products

II. B. Medicare and Medi-Cal

1. For Medicare Products, be able to identify:
 - (a) who is eligible for coverage;
 - (b) aged, disabled, End Stage Renal Disease (ESRD)
 - (c) benefits provided by Part A - Hospital Insurance (inpatient, deductibles and copayments);
 - (d) benefits provided by Part B - Medical Insurance (deductibles and coinsurance)
 - (1) **know that enrollment in Medicare Part B can be delayed when employer coverage is primary due to the *active employment* of the individual (ESRD), spouse, or parent (disabled dependent).**

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- (e) concerning claim payments for Part B - Medical Insurance:
 - 1) the meaning of "Medicare assignment;" and non-assignment and contracted participating providers and suppliers
 - 2) that Medicare providers are required to submit claims
 - 3) what information is provided by a "Medicare Summary Notice" (MSN)
 - (f) how Medicare claims are submitted;
 - (g) what information is provided by the Explanation of Medical Benefits.
2. For Medicare Products and Enrollment Periods, be able to identify:
- (a) original Medicare, Medicare Advantage and Part D plans
 - (b) the Annual Enrollment Period (AEP), the Initial Enrollment Period (IEP), and the Special Enrollment Periods (SEP) based on changes in coverage.
3. Be able to identify the standardized Medicare Supplement policies and the gaps in Medicare coverage they are designed to fill.
4. Be able to identify what Medi-Cal is and who is eligible, including those with a Share of Cost.
5. Concerning Insurance to Supplement Medicare, be able to identify the California Insurance Code requirements regarding the following:
- (a) Benefits required in each standardized plan (CIC 10192.8) and Medicare Select plans (CIC 10192.10)
 - (1) know that insurers must offer Medicare Supplement Plan A that contains only the core benefits.**
 - (2) open enrollment period described in CIC Section 10192.11 and CIC 10192.18 application questions.
 - (3) Guaranteed Issue periods described in CIC 10192.12 and CIC 10192.18 application questions.
 - (4) permitted commissions (CIC 10192.16).
 - (5) appropriate sales and replacement (CIC 10192.20).

II. ACCIDENT AND HEALTH INSURANCE

II. Disability Insurance

II. C. Worker's Compensation

II. C.1. General Concepts

1. Be able to identify the effect on the legal relationship between the employee and the employer that was intended when workers compensation laws were written.

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2. Be able to identify situations where workers compensation coverage is required by law and the methods used to provide the coverage.
3. Be able to identify how the coverage provided by a workers compensation policy in California is determined and who pays the premium.
4. Be able to identify a description of the California State Compensation Insurance Fund and who may place business with it.
5. Be able to recognize common circumstances where workers compensation policies would or would not provide coverage for an injury or sickness.
6. Be able to identify the four different types of benefits provided.
7. Be able to identify that covered medical expenses have no time or dollar limits.
8. Be able to identify reasons why Employers Liability coverage is necessary in addition to workers compensation.
9. **Be able to identify the agent's education requirement that authorizes the accident and health agent to sell Workers' Compensation coverage (CIC 1749[c]).**

II. ACCIDENT AND HEALTH INSURANCE

II. Disability Insurance

II. C. Worker's Compensation

II. C.2. 24-Hour Coverage

1. Be able to be able to identify:
 - (a) what "24 Hour coverage" is;
 - (b) how "24 Hour coverage" concept differs from the policies that it is designed to replace (CIC 1749.02).

II. ACCIDENT AND HEALTH INSURANCE

II. Disability Insurance

II. D. Social Insurance System

1. Be able to differentiate between the characteristics of social and private insurance.

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2. Be able to identify the social security system's requirements to be currently insured / full insured.
3. Be able to identify the kinds of benefit payments paid and the insured status required for the following types of benefits:
 - (a) survivor(s);
 - (b) disability;
 - (c) retirement;
 - (d) Medicare.
4. **Be able to identify the term blackout period and its effect on the surviving spouse' benefits.**

II. ACCIDENT AND HEALTH INSURANCE

II. E. Underwriting / Pricing / Claims

1. Be able to identify the following and their role in the underwriting process:
 - (a) Medical Information Bureau;
 - (b) attending physician's statement
 - (1) know what is required when an application reveals conditions that require more information.**
 - (c) standard, substandard, preferred.
2. Be able to identify that there are standards established for insurers requiring them to avoid unfair underwriting for the risk of HIV / AIDS in California (CIC 799).
3. Be able to identify:
 - (a) mortality cost;
 - (b) insurer expenses;
 - (c) investment return.

II. ACCIDENT AND HEALTH INSURANCE

II. F. Financial Structure of Insurers

1. Be able to identify the NAIC or California Accident and Health insurer requirements regarding the investment of assets
2. Be able to identify:
 - (a) earned surplus;
 - (b) policy dividends.

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3. Be able to identify the major financial reports insurers are required to make.

III. LONG TERM CARE (5 percent)

III. A. Long Term Care (CIC 10231)

1. Regarding Long Term Care Insurance, be able to identify:
 - (a) why this coverage might be needed (Medicare limitations, Medi-Cal eligibility);
 - (b) evaluations to make before purchasing;
 - (c) the types of benefits available (nursing home, assisted living, home care, hospice, respite care, adult day care);
 - (d) the triggers for benefits;
 - (e) ways to issue contracts (individual, group, endorsement to life policy);
 - (f) types of contract limits (daily benefits / policy maximum limits);
 - (g) guaranteed renewability and rate increases.
2. Be able to identify the California Insurance Code requirements regarding Long Term Care policies:
 - (a) long-term care Insurance definition;
 - (b) Nursing Facility and Residential Care Only, Home Care, Comprehensive Policy (CIC 10232.1);
 - (1) **know that skilled nursing care, intermediate nursing care, non-skilled nursing care, assisted living, personal care, home health care, home care and community based care are standard levels of care.**
 - (c) suitability standards
 - (d) marketing standards and responsibilities including HICAP (CIC 10234.93).
 - (e) honesty, good faith and fair dealing (CIC 10234.8)
 - (f) requirement to offer inflation protection and signed rejection (CIC 10237.1 and 10237.5)
 - (g) types of policies
 - (1) tax qualified
 - (2) non-tax qualified
 - (h) California Partnership for Long-Term Care

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IV. HEALTH AND DISABILITY INSURANCE (5 percent)

IV. A. Basic Accident and Health Insurance Principles and Concepts / Marketplace

1. Be able to identify and/or apply your understanding of the following:
 - (a)

morbidity	extension of benefits	waiting period
elimination period	probationary period	deductible
preexisting conditions	corridor deductible	copayment
coinsurance	stop-loss provision	waiver of premium
gatekeeper concept	free-look provisions	short rate/prorate
accident vs. sickness	capital vs. principal sum	accidental death
managed care	uniform policy provisions	master policy owner
 - Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)
 - Employee Retirement Income Security Act of 1974 (ERISA)
 - (b) policies - cancellation and renewability features (e.g. cancelable, noncancelable, guaranteed renewable, noncancelable-guaranteed renewable)
2. Be able to identify and differentiate between the major kinds of insurance mechanisms:
 - (a) Service type (e.g. Blue Cross & Blue Shield; HMO's);
 - (b) Indemnity type (e.g. Insurers, MET's / PPO's / EPO's);
 - (1) know that with indemnity plans, claim forms are typically completed and submitted by the participant.**
 - (c) Self funding;
 - (d) Other (e.g. associations, franchises, trusts).
3. Be able to identify the advantages and disadvantages of individual vs. group coverage.
 - (a) know that the following may opt for a self insured medical and disability plan: labor unions, fraternal, and co-ops.**
4. Be able to identify what constitutes eligibility for "group" coverage (e.g. employer/employee relationship, associations, franchise).
 - (a) know that the probationary period in a group health policy is intended for people who join the group after the policy effective date.**
5. With respect to group programs, be able to identify the following terms:
 - (a) contributory vs. non contributory;
 - (b) blanket policies;
 - (c) occupational vs. nonoccupational;
 - (d) third party administrator;

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- (e) coordination of benefits.
- 6. Be able to identify:
 - (a) the types of providers (physicians, hospitals, urgent care centers, home health care etc.);
 - (b) provider contacts (e.g. PPO's, HMO's, EPO's).
- 7. Be able to identify a definition of the following limited insurance policies:
 - (a) Travel Accident;
 - (b) Specified and Dread Disease;
 - (c) Hospital Income / Hospital Confinement Indemnity;
 - (d) Accident only;
 - (e) Credit;
 - (f) Blanket.
- 8. Be able to identify other sources of coverage that should be considered when determining a family's health / disability insurance needs (e.g. workers compensation, social security, Medicare, work related benefits, statutory plans, etc.)

IV. HEALTH AND DISABILITY INSURANCE

IV. B. Health Insurance and Counseling Advocacy Program (HICAP)

- 1. For HICAP, be able to identify:
 - (a) who the program serves;
 - (b) its function (free assistance, education, consumer advocacy, legal assistance).
 - (c) Department of Aging and local Area Agencies on Aging
 - (d) how to locate a local program (www.calmedicare.org)
 - (e) the statewide toll free number 800-434-0222

IV. HEALTH AND DISABILITY INSURANCE

IV. C. Disability Income Insurance

- 1. For disability income insurance be able to identify:
 - (a) the need for disability insurance;**
 - (b) definitions of partial and total disability (including Social Security definition) and eligibility requirements;
 - (1) know that Social Security disability benefits are paid to persons whose disability is expected to last at least 12 months or lead to death.**
 - (c) the difference between occupational and nonoccupational coverage;

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- (d) how federal income tax applies to payments;
 - (b) reasons for insurer limitations on coverage amounts.
2. Be able to identify how and why each of the following applies to eligibility and/or rating factors to influence rating structures:
- (a) age;
 - (b) gender;
 - (c) income requirement and "elimination period;"
 - (d) job classification;
 - (e) avocation;
 - (f) health (past and present).
3. Be able to identify the effect of taxes on the participants and of sponsors of the following:
- (a) group;
 - (b) individual;
 - (c) franchise.
4. Be able to identify each of the following provisions / riders:
- (a) maximum and minimum benefits;
 - (b) notice of claim;
 - (c) automatic increase provision;
 - (d) beneficiary;
 - (e) own occupation;
 - (f) cost of living rider;
 - (g) benefit period;
 - (h) Social Security benefit rider;
 - (i) benefit integration;
 - (j) residual;
 - (k) rehabilitation;
 - (l) recurring disability;
 - (m) transplants;
 - (n) standard exclusions & limitations;
 - (o) return of premium rider.

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